

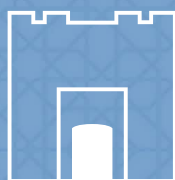
# REBUILDING SARAJEVO

GALEN LAMPHERE-ENGLUND

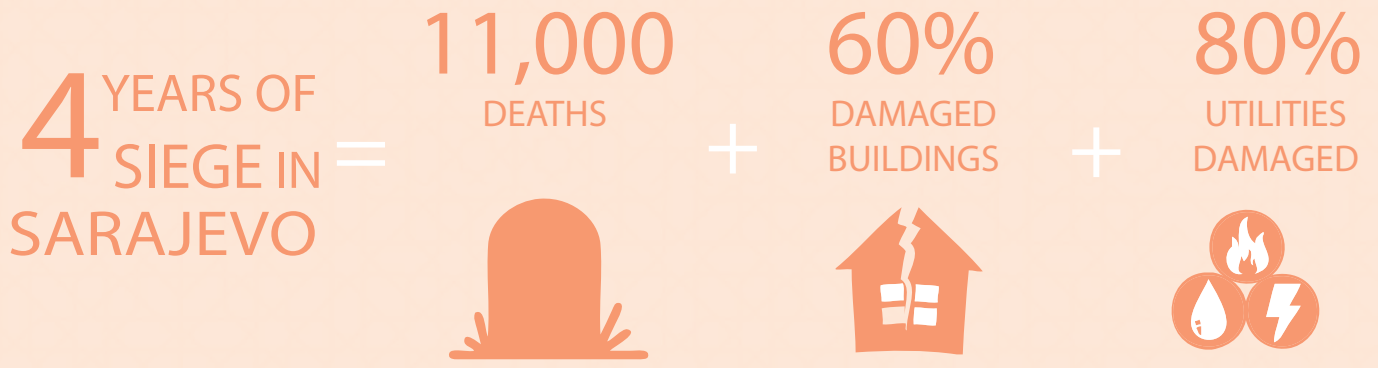
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"Sarajevo: Urban issues today might have been avoided by viewing reconstruction in more than just physical terms."

THE ALEPPO PROJECT

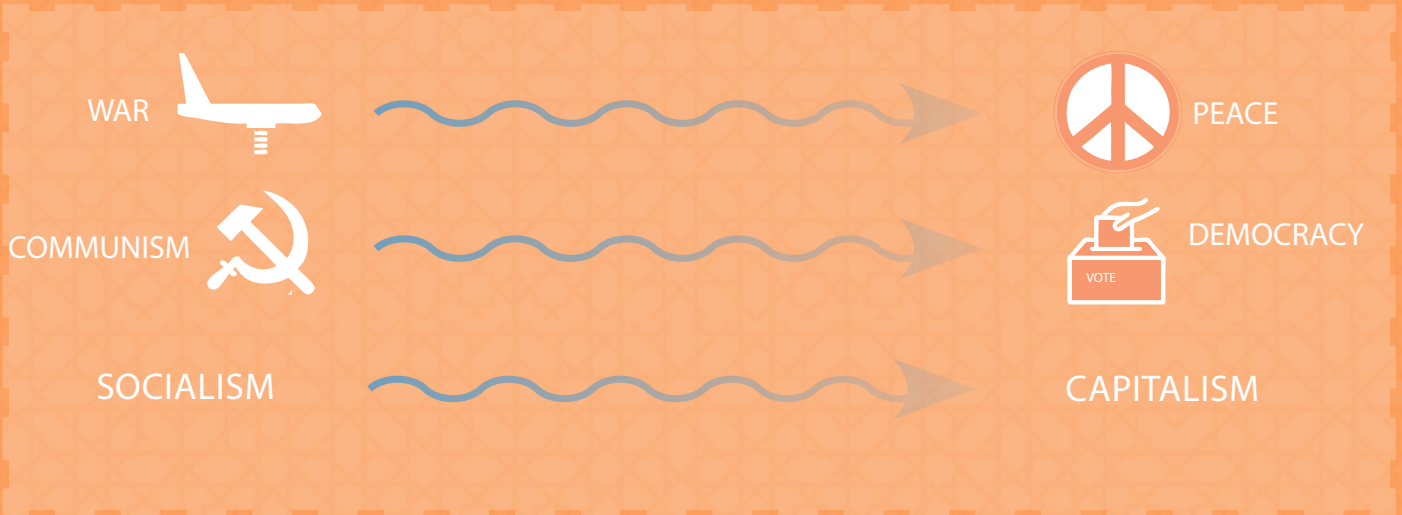


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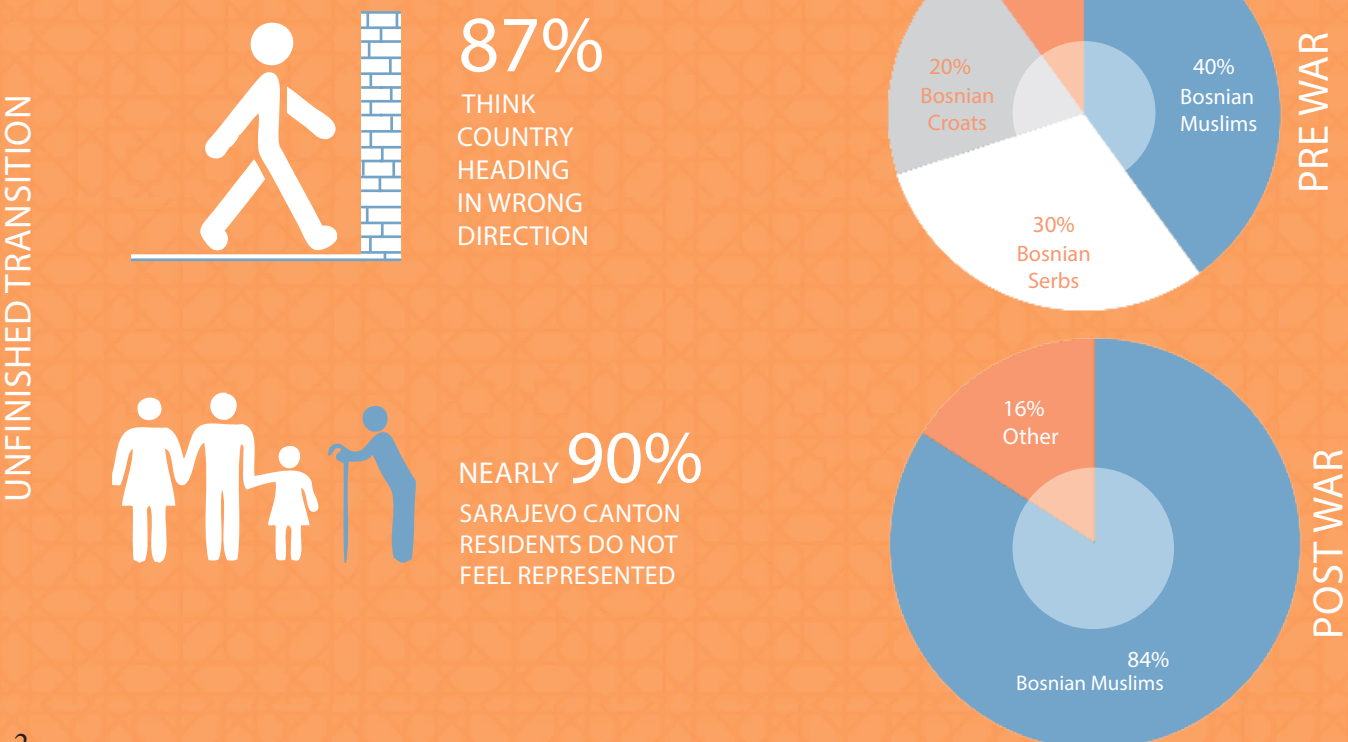


# DAYTON ACCORDS 1995

## TRIPLE TRANSITION



## ETHNIC COMPOSITION





The four-year siege of Sarajevo decimated the city. Some 11,000 civilians were killed, 60 per cent of buildings were damaged or destroyed, and 80 per cent of utilities were disabled. When the war ended in 1995, a “triple transition” occurred throughout Bosnia-Herzegovina (BiH): the simultaneous movements from war to peace, communism to democracy, and market socialism to a free-market economy. International attempts at physically rebuilding Sarajevo met with some success: the visible scars from the war are largely gone and violence no longer plagues the city. But reconstruction is incomplete and legacies of the war hang over the city.

Polls in BiH reveal a deep disgust with politics and institutions, and there are serious issues with unemployment, inequality, and social reconciliation. Nearly 90 per cent of the country believes it is headed in the wrong direction. The residents of Canton Sarajevo do not feel represented by institutions by a margin of 3 to 1, and a vast majority support political change. The triple transition has been fraught with difficulties. Ethnic divisions are wider than ever. While 88 per cent of the population support better interethnic relations, very little tangible has been achieved in the way of reconciliation. The economy is dominated by criminality and corruption, not by accountable open markets.

These problems stem from the narrow approach taken to reconstructing Sarajevo. By viewing the city largely in physical terms, international and national groups failed to restore institutions, curb corrupt practices, and counter nationalist political movements that benefited from the complex political structures created by the 1995 Dayton Accords. While each city and post-conflict situation is unique, assessing failures encountered while rebuilding Sarajevo offer five overarching lessons for future reconstruction.

- Reconstruction efforts must be planned strategically to include the many sectors and actors involved in the process. In Sarajevo, the lack of coordination between donors, local government, and residents of the city undermined successful rebuilding.
- Local institutional capacity must be strengthened before reconstruction begins. Many failures in Sarajevo could have been avoided by having the necessary urban planning, administrative, and governance structures organized during the earliest years.
- Oversight and anti-corruption measures must be implemented from the start. Recipients and donors must create solid control systems, be willing to hold local leaders accountable, and have trip-wires that trigger the withholding of salaries or aid for large-scale corruption issues.
- Urban reconstruction must be accompanied by economic growth. Sustaining returnees depends upon accessible jobs and economic growth. Policies should streamline business legislation and make starting an enterprise as easy as possible.
- Reconstruction must be recognized as an ecosystem. Functional reconstruction of merely physical aspects is insufficient to recreate a vibrant city. Policymakers should seek to also use educational, economic, and cultural initiatives to rekindle urban life.

**SARAJEVO**, a vibrant multi-ethnic city once celebrated for hosting the Winter Olympics, became a by-word for suffering and destruction during the four-year civil war that ripped apart Bosnia-Herzegovina (BiH).<sup>1</sup> The human toll was staggering with some 11,000 civilians killed and hundreds of thousands driven from their homes. Sixty per cent of the city's buildings were damaged or destroyed, and 80 per cent of its electricity and watermains were destroyed.<sup>2</sup> The war ended with the Dayton Peace Accords in 1995. What followed was a so-called triple transition throughout BiH: the simultaneous movements from war to peace, communism to democracy, and market socialism to a free-market economy. International attempts at physically rebuilding Sarajevo met with general success: the visible scars from the war are largely gone and violence on the scale once seen is no longer a threat. However, deep and persistent problems continue, many stemming from the approach to reconstruction taken in Sarajevo.

Opinion polls in BiH reveal public disgust with the country's politics and institutions, and there are serious issues with unemployment, inequality, and social reconciliation. In a poll held by the National Democratic Institute in 2010, 87 per cent said the country was going in the wrong direction, and only 12 per cent said their living had improved in the past four years.<sup>3</sup> A 2014 assessment via the Social Cohesion and Reconciliation Index (SCORE) report on social cohesion and reconciliation showed that residents of Canton Sarajevo did not feel represented by institutions in their city by a margin of 3 to 1, and a vast majority supported political change.<sup>4</sup>

The triple transition has been fraught with difficulties. Divisions between ethnic groups have become cemented by power-sharing arrangements in the Dayton Accords that were intended to be temporary. BiH has been split into three territorial entities: the Serb-dominated Republika Srpska in the north, the Federation in the south, and the independent city of Brcko. Divisions among ethnic groups have continued, and while 88 per cent of the population support trust-building measures, very little tangible has been achieved in the way of reconciliation or justice.<sup>5</sup> Democracy in BiH remains flawed and feckless. The market economy has been dominated by criminality and corruption, not by accountable open markets or mechanisms that might have moderated the worst impacts of neo-liberalism.

Sarajevo became divided along ethnic lines after the war. In 1991, the city had a mixed ethnic population of 540,000, consisting of around 40 per cent Bosnian Muslims (Bosnianks), 30 per cent Bosnian Serbs, and 20 per cent Bosnian Croats. Now most estimates suggest around 84 per cent of the city's residents are Bosnianks.<sup>6</sup> The city sits on the border with Republika Srpska, and is divided on its southeastern border by the Inter-Entity Boundary Line (IEBL). During a brief waiting period before the finalization of the conflict, a concerted and bloody campaign of intimidation resulted in an exodus of 62,000 Sarajevo Serbs.<sup>7</sup> Many fled to the section outside the IEBL line, Istočno Sarajevo, or Eastern Sarajevo, which today is populated mainly by Serbs. No longer a multi-ethnic city, Sarajevo today is firmly controlled by the Bosniak majority. Though no checkpoints or borders exist between the sections, the boundary separates interactions and largely determines ethnic settlement patterns inside the urban area.

Regardless of the new divisions, four phases of generally successful reconstruction have characterized the post-war reconstruction process in Sarajevo.

- Physical reconstruction and the containment of conflict from 1995-2000;
- An international protectorate created in reaction to nationalist obstructions, from 1997-2006;



- State-building from 2000-2006; and,
- Gradual withdrawal of international donors and regression in state reforms and reconstruction from 2006-present.

## PHYSICAL RECONSTRUCTION

The immediate priority following the cessation of conflict was restoring Sarajevo's basic infrastructure. The siege destroyed most of Sarajevo's telecommunications, electricity supply, roads, and water networks. Only a fifth of the city had water and power.<sup>8</sup> As the restoration of basic services began, the City Development Institute planning office prioritized "glassing," the replacement of glass in buildings around the city.<sup>9</sup> Efforts of the City Institute, funded by international donors, were bolstered by U.S. Agency for International Development (USAID)-funded non-governmental organizations (NGOs), including Catholic Relief Services and the International Rescue Committee.<sup>10</sup>

Network infrastructure, particularly water and power, were also rebuilt during this period. Through 1999, at least \$1.35 billion in commitments and \$713 million in disbursements by donors, alongside government and private investment, nearly completely restored basic network infrastructure across the country.<sup>11</sup> Restoration of water continued alongside the rehabilitation of electric grids. Around \$1.42 billion was allocated to water by donors through 1998.<sup>12</sup> However, the private sector moved away from utilities due to low payment rates and high maintenance costs. As a result, water supplies remain in poor shape throughout Sarajevo.<sup>13</sup> District heating programs, which served much of the city before the war, were badly damaged from corrosion and cracking from disuse during the siege. By the end of the war, functional heating in the city had dropped by two-thirds. By 1998, however, investments of around \$145 million had removed illegal connections to natural gas lines and resupplied 90 per cent of flats in Sarajevo with district heating.<sup>14</sup> Roads and telecommunications were gradually restored. Bringing in the private sector, particularly for telecommunications, was generally successful in the later years of the restoration process. Roads and transportation networks were also repaired within three years of the siege's end.

During the initial reconstruction of infrastructure, the city turned to repairing damaged and destroyed housing. Virtually no new buildings were built. Reconstruction instead occurred slowly across the city. Beyond the physical need for repairs, property restitution was fraught with challenges rooted in the transition from collective to individual property rights, and in the occupation by political elites and Bosniaks of housing owned by people who had left the city. Nationwide, an estimated \$1.02 billion was committed to housing through the end of 1998.<sup>15</sup> Though a lack of donor coordination led to significant overlap during this process, by the end of 1998, the majority of Sarajevo's housing had been restored to a semblance of normality.

Significant issues remained with property restitution and ownership owing to a weak legal system and poor implementation. The Dayton Accords established the Commission for Real Property Claims of Displaced Persons and Refugees (CRPC) to handle property claims, but only three per cent of its decisions resulted in restitution. Local authorities stymied returns, often because the very officials tasked with enforcing the CRPC orders were occupying contested properties. The Property Law Implementation Plan (PLIP), launched four years after the end of the war, successfully dealt with most of these issues. Rather than emphasize the importance of returns, the PLIP focused on individual property rights and the rule of law, effectively shifting the discourse around property return. The PLIP effectively stopped efforts by local authorities to use ethnic or political means to derail the process. When the PLIP was launched, only 12 per cent of claims had been resolved. By 2005, 93 per cent had been resolved.<sup>16</sup> The success of property return, however, obscures an unfortunate reality: often previous owners reclaimed their property only to sell their land to the current occupants and leave.<sup>17</sup> No organization or government agency tracked

those who reclaimed their property only to sell or relocate elsewhere, so reliable figures on actual, physical returns are not available.

The housing issue overlaps considerably with the return of refugees and internally displaced persons (IDPs) to Sarajevo. Over the course of the war, one to two million people were displaced inside BiH, and an additional 1.2 million fled the country.<sup>18</sup> Postwar Bosnia became extraordinarily segregated: in 1997 94.8 per cent of residents inside the Federation identified as Bosniak or Croat, while 96.8 per cent inside Republika Srpska identified as Serb.<sup>19</sup> Returnees to the city, overwhelmingly Bosniak, included former residents of the city, those who remained but shifted homes during the siege, and newcomers, often from villages to which they could no longer return. Internal stereotyping of these new arrivals to Sarajevo stigmatized them as villagers ill-suited to the capital's cosmopolitan life. These biases did nothing to deter immigration. General rates of minority returns to Sarajevo accelerated in 1998 to peak in the early 2000s, but the sustainability of these returns is tenuous: a lack of urban planning and guided, economically supported programs undermine the livelihoods of those who have returned.

Many of Sarajevo's public buildings were also destroyed during the siege. Government offices, the hospital complex, and other public facilities were heavily damaged: 35-50 per cent of all health care facilities across Bosnia were damaged.<sup>20</sup> Post-war, government offices received priority during the initial installation of glass across the city. No new schools or hospitals were built, however, as state funding and international investment went towards other areas deemed more essential first.<sup>21</sup>

Apart from public buildings, the economic revitalization of Sarajevo depended upon the rebuilding of businesses and industrial production facilities. International aid targeted a rapid transition to a market economy, and provided massive credit lines to create a modern banking sector and facilitate the change-over. Compared to the post-war situation of 1995, the socio-economic situation in Bosnia considerably improved each of the following years. These gains, however, have been unequally distributed.<sup>22</sup> Real wages increased 44 per cent from 2000 to 2007, and real GDP rose 1.3 per cent in 2011, only to sink back into recession along with the rest of Europe in 2012.<sup>23</sup> The general consensus among diplomats, locals, and financial officials suggests the economy is dominated by a massive, corrupt system of patronage.<sup>24</sup> The correlation between the economy and corruption does not come as a surprise to the Bosnian public: National Democratic Institute opinion polls in 2013 placed corruption as the largest issue facing BiH, followed by the state of the economy.<sup>25</sup> Bosnia is also home to a substantial grey and black sector informal economy. Taking the official GDP of BiH in 2013, \$17.85 billion, and a conservative estimate of the informal sector as 38 per cent of official GDP, then nearly \$7 billion annually circulates in Bosnia-Herzegovina outside formal, taxable economic structures.<sup>26</sup> In place of holistic economic programs or production facilities, Sarajevo has become home to a series of massive shopping malls stocked with expensive imported goods, while markets on the outskirts cater to the informal portion of the economy.

Significant funds were invested into new religious buildings in Sarajevo and across the country. Outside donors, particularly Saudi Arabia, Malaysia and Indonesia, built a series of new mosques and renovated ones damaged during the war. Shortly after the war, many international Islamic organizations that provided relief to BiH incorporated religious elements, but the Bosnian state began oversight of the finances of religious organizations around 2000, effectively controlling international religious influences.<sup>27</sup> The increased presence of Islamic structures, from schools and mosques to Islamic-bank funded shopping centers such as the BBI Centar, contribute to the so-called "greening" or Islamization of Sarajevo.

## BEYOND THE PHYSICAL ASPECTS OF RECONSTRUCTION

Rebuilding cities should include efforts to improve local administration, government bodies and urban planning capacity. Unfortunately, inside Sarajevo, such issues never took priority in the early years of reconstruction. By focusing on rebuilding physical elements and not revamping institutions in a way that could avoid recreating the dysfunctional arrangements from before the war, many well-intentioned plans were waylaid by political obstructionism and improper planning and coordination strategies. Interviews with leaders in the international community highlight that stronger and earlier insistence on political party development by allowing a longer period for parties to mature could have changed the political course of the city. Post-war urban planning in Sarajevo has been marked by a lack of vision and urban programming. No single master plan for the city's reconstruction was created, representing a split with the modernization plans of the previous century.<sup>28</sup> An excessive level of urbanization and the destruction of public spaces has been overseen by incompetent leaders.<sup>29</sup> Licenses have been granted for large buildings and shopping centers without justification. Early funding and institutional development at the local level could have resulted in better planning, coordination, and alleviated the issues currently holding Sarajevo back.

Culture defines social life, shaping groups, building social capital and creating identity for cities. Post-Dayton reconstruction policies, unfortunately, suffered from an utter lack of awareness of culture.<sup>30</sup> Physical cultural spaces such as theaters, museums, and the Zetra Olympic complex were rebuilt in Sarajevo, but paltry funding for the arts and a deliberate policy of cultural exclusion have led to the closing of many museums and musical groups in the city.

Memorialization of the war has also played a large role in reshaping Sarajevo. Monument designs around the city have been used to renationalize and emphasize “dividing memories, values, and practices.”<sup>31</sup> This post-war division of monuments and heritage preservation adds to the geographic separation already existing between the Federation, Republika Srpska, and in the segregated municipalities.<sup>32</sup>

While the physical reconstruction of schools in Sarajevo was largely finished by 1998, divisions and poor quality undermine the educational system. The Post-Dayton system left educational policy to be set by each of the country's 10 cantons, further fragmenting curriculum and educational standards. A majority of citizens polled in 2010 found educational system reform lacking and in need of improvement.<sup>33</sup> Though overall educational attainment and graduation rates are high, BiH's overall educational system suffers from rigid systems, ethnic idealization, and unequal access.<sup>34</sup> A different future could have been possible by prioritizing the unification of education policymaking, curriculum development, and teaching quality in the initial phase of reconstruction after the siege.

Of all the issues facing BiH, an overwhelming majority, some 90 per cent of all ethnicities, identified corruption as the definitive problem holding the country back.<sup>35</sup> The massive influx of international funds following the war attempted to quickly deliver aid and change. However, despite an overall awareness among donors of malfeasance, corrupt groups still often managed to misdirect reconstruction aid to other causes. Power brokers, frequently wartime figures, could easily divert project bids towards their own companies. NGOs often were similarly co-opted into local power games.<sup>36</sup> U.S. General Accounting Office estimates from 2003 found that anywhere between \$1.7 million to \$522 million had been misappropriated.<sup>37</sup> Aid obscured larger losses to government finances through customs and tax evasion, which were estimated to cost around \$966 million—more than 150 per cent of the entire state budget.<sup>38</sup> Corrupt practices in BiH are widespread and present at many different levels. General rule of law remains weak, and the legal framework susceptible to corruption due to complicated legislation and a judiciary subject to political pressure. As such, corrupt activities inside BiH continue with almost complete impunity.

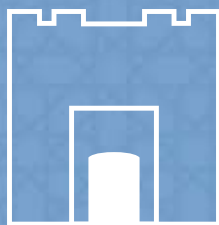
## LESSONS FROM SARAJEVO (RECOMMENDATIONS)

All of the above issues stem from the narrow approach to reconstruction taken in Sarajevo. The incredible influx of donor funds to Sarajevo after the siege created a situation both admirable and fraught with failures. Internationally-sponsored development reshaped Sarajevo and returned much of the city to physical normalcy. By viewing reconstruction largely in physical terms, however, international and national groups failed to restore institutions, curb corrupt practices, and counter nationalist political movements that benefited from the complex political structures created by the Dayton Accords. While each city and post-conflict situation is unique, assessing the failures encountered while rebuilding Sarajevo offer five overarching lessons for future reconstruction.

- First, reconstruction efforts must be planned strategically to include the many sectors and actors involved in the process. In Sarajevo, the lack of coordination between donors, local government, and residents of the city undermined efforts. While international funding quickly reached the city, donor coordination was poor and led to duplication and gaps in funding. Facilitating between many agencies will require a strong hand and resources. Creating a temporary single directorate to oversee reconstruction efforts could enable this to happen.
- Second, local institutional capacity must be developed and strengthened before reconstruction begins. Among the shortcomings, perhaps the most harmful was the lack of attention paid to local institutions during the early years of reconstruction. Decisions taken in the early years will set precedents that can “shape long-term urban and political development, either to the benefit or detriment of subsequent democratic development.”<sup>39</sup> Many failures in Sarajevo could have been avoided by having the necessary urban construction permitting, planning, and administrative structures organized during the earliest years.
- Third, oversight and anti-corruption measures must be implemented from the start. Recipients and donors must create solid control systems, be willing to hold local leaders accountable, and have trip-wires that trigger the withholding of salaries or aid when large-scale corruption is uncovered. These regulatory frameworks must be backed by public support built through outreach, education, and media support for anti-corruption efforts. Accompanying legal frameworks must also be developed as swiftly as possible.
- Fourth, urban reconstruction must be accompanied by economic growth. Sustainable returns of residents depend upon accessible jobs and economic growth. Post-war reconstruction should target small and medium enterprise (SME) development by encouraging relevant government bodies to streamline business legislation and make starting a business as easy as possible. Likewise, construction permits should be granted in a transparent and accessible manner. This necessitates the development of urban authorities and institutions with the capacity to handle efficiently permitting requests.
- Lastly, urban reconstruction should be recognized as an ecosystem. Functional reconstruction of merely physical aspects is insufficient to recreate a vibrant city. In Sarajevo, reconstruction policies largely ignored cultural, artistic, and social elements. Such policies should seek to also utilize educational, economic, and cultural initiatives. Building a city from the remains of the old requires the reshaping of many facets, but like cutting a diamond, the final cut can be both resilient and beautiful. Sarajevo, while still a rough cut, gives a template of what can be avoided in future reconstruction efforts.



THE ALEPPO PROJECT



مشروع حلب

Center for Conflict,  
Negotiation and Recovery  
School of Public Policy  
Central European University  
Nador u. 9 | 1051 Budapest |  
Hungary Phone: [s](tel:+3613273000)  
[+36.1.327.3000](tel:+3613273000) | ext. 2540  
[aleppo@spp.ceu.edu](mailto:aleppo@spp.ceu.edu)